

秦皇岛港股份有限公司
QINHUANGDAO PORT CO., LTD.*

(a joint stock limited liability company incorporated in the People's Republic of China)
Stock Code : 3369

CORPORATE SOCIAL
RESPONSIBILITY REPORT

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*For identification purposes only

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ABOUT THIS REPORT

This is the Corporate Social Responsibility Report (or Sustainability Report) published by Qinhuangdao Port Co., Ltd. for the third consecutive year to communicate with all the stakeholders about the Company's social responsibility concepts, work initiatives and performances, and respond to their needs.

1. Range of Period

From 1 January 2018 to 31 December 2018. The coverage of certain statements and data may go beyond the aforesaid period.

2. Scope of Reporting

The report covers the headquarters, internal departments and all branches and subsidiaries of Qinhuangdao Port Co., Ltd.

3. Source of Data

The financial data in the report are extracted from the 2018 financial report of Qinhuangdao Port Co., Ltd. which is independently audited by Ernst & Young Hua Ming LLP; and other data are derived from relevant systematic statistics of the Company.

4. References of Preparation

The report is prepared in accordance with the Stock Exchange of Hong Kong Limited ("the HKEx") Appendix 27 Environmental, Social and Governance Reporting Guide of the Rules Governing the Listing of Securities ("Listing Rules"), the Guidelines on Environmental Information Disclosure by Companies Listed on the Shanghai Stock Exchange.

5. Response to the Principle of Environmental, Social and Governance Reporting Guide

Importance: In order to prepare this report, the Company conducted a materiality assessment procedure to determine the truthfulness and accuracy of the contents disclosed in this report as well as the contents of the each subject area. Material analysis results of 2018 are presented in the "Materiality Assessment" section.

Quantification: quantitative data was disclosed in the report for both environmental and social categories to demonstrate indicator and performance.

Balance: This report objectively discloses positive and negative information to ensure balance of the contents, of which negative indicators such as the number of corruption lawsuits and casualties of employees were disclosed.

Consistency: The indicators disclosed in this report disclose as much as possible the comparative data for two consecutive years based on actual management, helping readers to better understand the trend of indicators. Unless otherwise stated, the data disclosed in this report are based on the unified information collection process and working mechanism established by the Company to ensure that the data is comparable year after year.

ABOUT THIS REPORT

6. Description of Specifications

For the convenience of expression, “Qinhuangdao Port Co., Ltd.” is also referred to as “we”, “QHD Port” and “the Company”.

7. Access to the Report

You may browse or download the Chinese version of this report from the website of Shanghai Stock Exchange, or the Chinese and English versions from the website of Hong Kong Stock Exchange.

CHAIRMAN'S STATEMENT



Dear readers,

2018 is the 40th anniversary of China's reform and opening up, and it is also the 120th anniversary of the opening of QHD Port. In December 2018, the General Office of Hebei Provincial Government issued the "Implementation Plan for Accelerating the Open Development of Coastal Areas", which proposed "guiding the development of the port with the development objectives of the city, and promoting the transformation of QHD port from an energy centralization and distribution port focusing on freight services to a free trade port focusing on both passenger and freight services, and has brought new

development opportunities for the Company. In the past year, we have started to promote the optimization and adjustment of businesses of QHD Port, and gradually realized the upgrade and transformation of the port.

Steadily advancing the construction of the port, and achieving steady growth in operating results. We standardized the management of Huanghua Port Complex Port Zone and Bulk Cargo Area, and Phase 2 of Caofeidian Coal Terminal. The total number of production berths reached 71, and the coordinated development pattern of the three major port areas, namely Qinhuangdao, Tangshan and Cangzhou was basically formed. In 2018, the Company achieved a throughput of 382 million tonnes, representing a year-on-year increase of 0.46%.

Upgrading the intelligence level of the port. Following the "Push-To-Talk" intelligent port logistics demonstration project of the Company was selected for the National Intelligent Port Demonstration Project, in August 2018, the Company undertook the construction of the Beidou Global Maritime Shipping Demonstration Project of the Ministry of Transport. In the future, with the realization of centralized and intelligent deployment of port resources and logistics resources, the port operation efficiency will be significantly improved. The online business hall will realize the functions such as visualization of port field operations, screening of business information, online business processing, and service customization and pushing. The online business hall will be connected to the maritime toll collection system directly to provide convenient services to customers. We will build an intelligent operating platform to achieve accurate measurement of coal through drone applications.

CHAIRMAN'S STATEMENT

Constructing the green port. We transmit the concept of “essential environmental protection” to every position and integrate it into every aspect of production and operation. In 2018, the Company completely abolished the use of coal-fired boilers and reduced the generation and discharge of pollutants from the sources; completed 1 set of onshore power equipment in the 904 and 905 berths of phase 5 of coal terminal, replacing the previous heavy oil power generation equipment to achieve energy saving and carbon reduction. The Company actively implemented the pilot work of “head of the bay” system, so as to promote the integration of the environment of the port and the city, and cultivate a marine ecological culture.

Safe production, caring for employees and serving the society. We strictly abided by the safety production red line, safeguarded the safety of state-owned assets and the safety of employees' lives and properties, continuously strengthened the construction of safety management and safety culture, and created a safe and healthy working environment for employees. We firmly believed that talents will be the growth driver of the port, through the construction of national skill master studios and employees' innovative studios, nurtured and cultivated the employees, and promoted the spirit of craftsmen in the new era. We actively implemented the accurate poverty alleviation policy, and organized employees to participate in social welfare practices, in order to promote the harmonious development between the Company and the society.

In the coming year, we will adhere to the development direction of “guiding the development of the port with the development objectives of the city, and integrating the port, the industry and the city”, promote the transformation and upgrading of the port, strive to build a new market-oriented modernized international company, and create sustainable growth values for the nation, shareholders, customers, employees and society.

Cao Ziyu

Party Committee Secretary and Chairman of QHD Port

COMPANY PROFILE

As a subsidiary of Hebei Port Group Co., Ltd. (河北港口集團有限公司), QHD Port is the world's leading independent port operator for major dry bulk cargo. QHD Port was listed on the Main Board of The Stock Exchange of Hong Kong Limited (hereinafter referred to as the "Stock Exchange") and Shanghai Stock Exchange (hereinafter referred to as the "SSE") respectively in 2013 and 2017, and became the first state-owned enterprise in Hebei Province to lay out the A+H share dual capital platform. QHD Port mainly operates Qinhuangdao Port, Tangshan Caofeidian Port Zone and Cangzhou Huanghua Port Zone. The Company is mainly engaged in the business of stevedoring, stacking, warehousing, transportation and logistics services, and handles various types of cargoes including coal, metal ores, oil and liquefied chemicals, containers and general cargoes, with the throughput capacity kept above 300 million tonnes in recent years.

Seizing new opportunities arising from the "new normal", QHD Port stood up to new challenges. Taking the initiatives in participating in the construction of the "Belt and Road", QHD Port integrated into the synergetic development strategy of Beijing-Tianjin-Hebei Province, undertook and coordinated the cooperation project of ports in Tianjin and Hebei, opening up a bright prospect of synergetic development of ports in Tianjin and Hebei and mutual success. Giving full play to the location advantages of the three major port areas, QHD Port adhered to the integrated development of port, industry and city, facilitating economic growth therein. Deepening strategic cooperation with major customers, QHD Port made innovation in the supply of its service, fostering new profit growth points on an ongoing basis. Container cross-border multimodal transport has shown outstanding development prospects as a result of new routes developed by QHD Port.

Topic: Shouldering historical missions with an aged-old business foundation, writing a new chapter of the port with a craftsman's heart

Commemorating the 40th Anniversary of Reform and Openup and the 120th Anniversary for the opening of Qinhuangdao Port

Since 1898 when Qing Emperor Guangxu in the Qing Dynasty approved its opening, Qinhuangdao Port has gone through 120 years of shouldering state missions. During its development of over 100 years, especially since reform and openup of China, Qinhuangdao Port has achieved leap-forward development: it has developed from a small port with only two terminals, one large and one little, where transportation relied on shoulders, into the world's leading modern dry bulk transportation port; from a port for shipping China's coal from the north in Qinhuangdao to the southern sea outlet, into a diversified port business provider with layouts in Qinhuangdao, Tangshan and Cangzhou, shouldering the mission of building a strong coastal economy.

The Centennial development of Qinhuangdao Port is a concentrated recent-to-modern development history of a Chinese enterprise, witnessing the revival process of the hard-working Chinese nation. From the only self-opening port in north China then to its glory today, national sentiments are the genes and vigors for continuous growth of Qinhuangdao Port.

Since reform and openup, China has successively invested in the construction of phase I to phase V coal terminals in Qinhuangdao Port with a total design capacity of 175 million tonnes. Since then, Qinhuangdao Port has become the hub for transportation of China's energy sources, shouldering the mission of coal transshipment for eight provinces and one city in south China. The coal shipment volume of Qinhuangdao Port has once reached almost 50% of China's total shipment volume. The aggregate amount of coal transshipped (by water) to Qinhuangdao Port amounted to 4.38 billion tonnes, and accordingly Qinhuangdao Port is known as the "barometer of national economy". As the Chinese saying goes, big vessels carry heavy burdens while fine horses run far away. Special missions have repeatedly made Qinhuangdao Port shoulder heavy duties during crisis, sharing worry for the country and solving problems for the society.

COMPANY PROFILE

Entering the new era of socialism with Chinese characteristics, we have assumed the historical mission to forge ahead by riding on the tide of a new era and grasping the strategic opportunities of national development. Qinhuangdao Port is the first port in Hebei Province to carry out international transport of transit cargoes. With Qinhuangdao as the transit center, the international transit trade network radiates countries along the “Belt and Road” such as Japan, South Korea, Kyrgyzstan, Mongolia and Russia, and Qinhuangdao Port has gradually become an important node for development of the “Belt and Road” international logistics cooperation in northern China. With deepening requirements of the state’s Beijing-Tianjin-Hebei coordinated development strategy and construction plan of the Bohai Bay port clusters, we will actively promote the transformation and upgrading of Qinhuangdao Port and strive to build Qinhuangdao Port into a high standard and modernized international port to enable Qinhuangdao City to become a world-class international tourism city.

Write the future through revealing the history. QHD Port will embrace the world with the spirit of self-improvement, live with the glory and push through the Gate of the Century to continue its glory!



“Gate of the Century” commemorates the 40th anniversary of reform and exhibits open-up achievements for the 120th anniversary of the opening of Qinhuangdao Port

COMPANY PROFILE

Milestones:

In 1898, Emperor Guangxu of the Qing Dynasty approved Qinhuangdao to become a port.

In 1959, Qinhuangdao Port successfully created the five-in-one “one-stop” comprehensive coordination of mines, roads, ports, shipping and trading, forming a transportation chain with tight links and smooth flow of cargoes.

In 1973, Premier Zhou Enlai put forward the instructions of “changing the face of the port in three years” at the National Planning Conference. Qinhuangdao Port responded positively and completed construction of China’s first pipeline-type oil transportation terminal with two berths for general cargoes.

In 1978, the port’s throughput exceeded 20 million tonnes, ranking third among China’s coastal ports.

In 2001, the cargo throughput of Qinhuangdao Port exceeded 100 million tonnes for the first time, reaching 112.883 million tonnes.

In 2006, the cargo throughput of Qinhuangdao Port exceeded 200 million tonnes for the first time, reaching 279.45 million tonnes.

On 31 March 2008, Qinhuangdao Port Co., Ltd. was established.

On 8 July 2009, Hebei Port Group Co., Ltd. was established, becoming a comprehensive group company integrating construction, development and operation of ports, state-owned assets management and operation as well as investment and financing functions.

On 12 December 2013, Qinhuangdao Port Co., Ltd. was listed on the Stock Exchange.

On 16 August 2017, Qinhuangdao Port Co., Ltd. was listed on SSE.

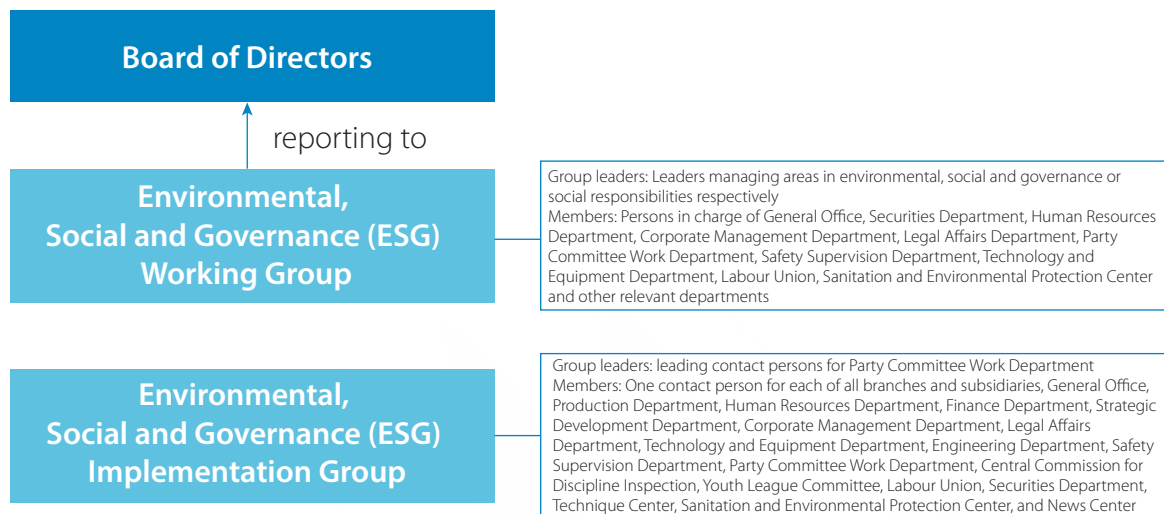
SOCIAL RESPONSIBILITY MANAGEMENT

Social Responsibility Management

QHD Port always adheres to the corporate values of “contributing to the country, developing for the enterprise, creating value for customers, and fulfilling responsibilities for employees”, striving for promoting the construction of smart ports, efficient ports, safe ports, green ports and service ports while fulfilling society responsibilities and actively practicing the duties as a corporate citizen.

Structure of Social Responsibility Management

In 2018, the Company established the Environmental, Social and Governance (ESG) management structure and organised the ESG Working Group and Implementation Group reporting to the Board of Directors. The Board of Directors of the Company bears responsibilities for our ESG strategies and reports, regularly monitors sustainability issues that may affect the business or operation of the Company, shareholders and other stakeholders, and formulates the policies, strategies, priorities and targets of the Company’s sustainability management. The ESG Working Group regularly reports environmental and social policies and information to the Board of Directors, and effectively assesses environmental and social risks and opportunities of the Company; the ESG Implementation Group specifically implements concrete work in areas of ESG or social responsibilities.



ESG Management Structure of the Company

Communication with Stakeholders

We attach great importance to communicating with stakeholders. Through all kinds of channels, the Company endeavors to learn about the opinions and suggestions of internal stakeholders such as employees and senior management, as well as the feedbacks and expectations of external stakeholders such as the government, customers, suppliers, media, etc. on a regular basis.

SOCIAL RESPONSIBILITY MANAGEMENT

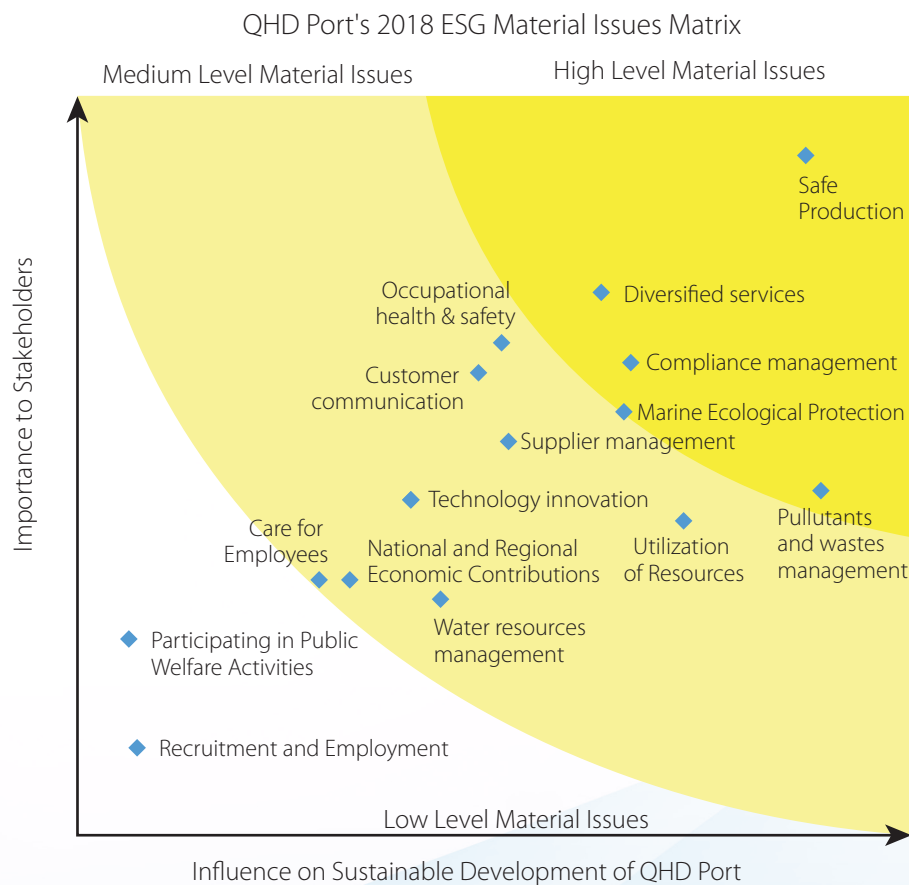
List of Stakeholders' Focus and Communication Channels

Stakeholders	Requirements and Expectations	Communication and Response
Government	<ul style="list-style-type: none"> • compliance with laws and regulations • payment of taxes according to law • support for economic development 	<ul style="list-style-type: none"> • conducting business in compliance with relevant laws and regulations • paying taxes according to law
Investors	<ul style="list-style-type: none"> • return on investment • growth of business and earnings • risk management • information disclosure 	<ul style="list-style-type: none"> • regular disclosure of operational information • general shareholders' meeting • investor summits • roadshows
Customers	<ul style="list-style-type: none"> • provision of quality products and services • meeting customers' diversified needs • creation of value for customers 	<ul style="list-style-type: none"> • assurance of product quality • protection of customer information • survey of customer satisfaction
Employees	<ul style="list-style-type: none"> • protection of employee interests • sound development paths • protection of occupational health • work and life balance 	<ul style="list-style-type: none"> • provision of good remuneration and welfare • improvement of career development paths • implementation of employee training
Partners	<ul style="list-style-type: none"> • open, fair and equitable purchase • compliance with contracts 	<ul style="list-style-type: none"> • performance of contracts according to law • open tendering • project cooperation
Environment	<ul style="list-style-type: none"> • energy saving and emission reduction • protection of ecological environment 	<ul style="list-style-type: none"> • managing emissions • increasing efficiency of resources and energy used • participation in environmental protection welfare
Society and the Public	<ul style="list-style-type: none"> • engagement in community development • support for public welfare 	<ul style="list-style-type: none"> • public welfare charity • volunteer services

SOCIAL RESPONSIBILITY MANAGEMENT

Materiality Assessment

In 2018, through various ways of interactions and communications with all kind of stakeholders, benchmark analysis of issues disclosed in sustainability reports of enterprises in the same industry, and analysis of key words search for the Company's news reported by public media in 2018, we identified 16 social responsibility issues this year covering five aspects including sound operations, value chain management, environmental responsibilities, employee responsibilities and social contributions according to the requirements of HKEx Appendix 27, *the Environmental, Social and Governance Reporting Guide*. We determined the extent and scope of disclosures in the form of questionnaires so as to ensure a more accurate and complete disclosure of information relating to operation and management. In 2018, we totally recovered 25 questionnaires from senior management of companies and 242 questionnaires from stakeholders, and also gathered opinions and suggestions from various stakeholders on social responsibility management work of companies as an important basis and guiding direction for the Company's future social responsibility management. Based on the assessment of all social responsibility issues by stakeholders and senior management of companies, we finally determined the matrix of material issues for the Company's 2018 social responsibilities as shown below:



Material Issues of the Company's Social Responsibilities in 2018

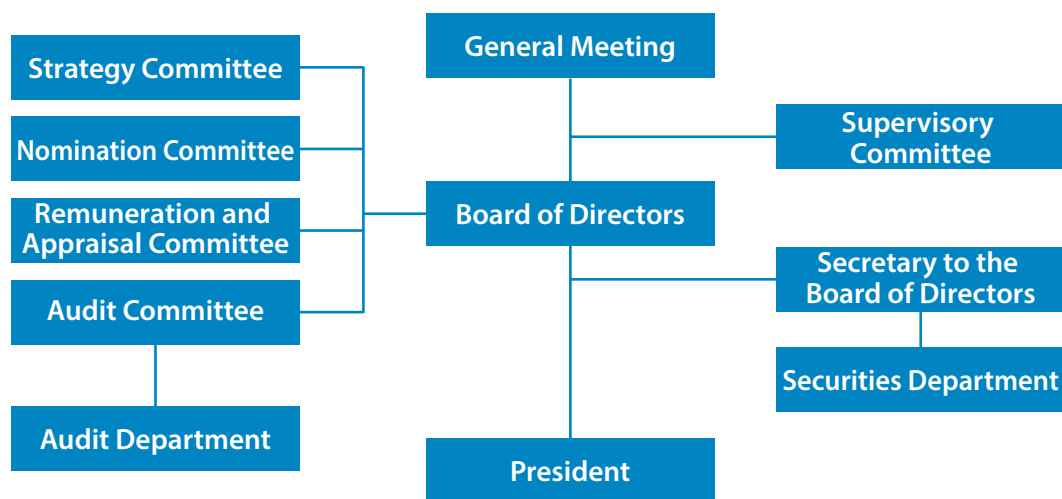
SEEKING CORPORATE DEVELOPMENT

1 Seeking Corporate Development

A sound corporate governance system is the foundation of a company's stable operation. We continue to strengthen construction of risk management system and compliance management while enhancing implementation of anti-corruption and upholding integrity to ensure the stable and sustainable development of the Company.

1.1 Improving Corporate Governance

In 2018, QHD Port held a total of 11 Board meetings, 6 meetings of the Supervisory Committee, 7 working meetings of the Audit Committee, 3 working meeting of the Nomination Committee and 1 working meeting of the Remuneration and Appraisal Committee; and we held the annual general meeting for the year 2017 and the first extraordinary general meeting in 2018. The Company strengthened communication with external directors and shareholders, fully reviewed the advices from relevant parties regarding the resolutions, and passed all the resolutions by voting.



Structure of Corporate Governance

SEEKING CORPORATE DEVELOPMENT

In 2018, the Company maintained stable and efficient communications with investors and industry analysts to establish a good communication channel, received many institutional analysts to carry out investigation in Hong Kong, and conducted in-depth communications and exchanges on the Company's operation and development. We worked hard to establish a long-term communication mechanism to deliver the new achievements and new progress made by the Company in its operation and development. With the "Reception Day Event for Investors of Listed companies in Hebei Province (河北轄區上市公司投資者集體接待日活動)" as the vehicle, we conducted in-depth and meticulous interaction with investors through online interactive platform to provide them with a convenient pipeline for comprehensive understanding of issues concerned, such as the annual performance, corporate governance, development strategies, operation status and sustainable development of the Company, showing the Company's good image as a capital market player. In 2018, the Company disclosed 106 and 138 announcements respectively on the websites of SSE and HKEx.

To help investors strengthen their risk awareness and protect themselves from being infringed of their rights and interests, we fully leveraged the promotion strengths of the listed Company's platform and strived to play the role as a bridge between regulators and investors to actively carry out relevant work of investor protection and education. Through multiple ways such as opening education columns in its official website, using WeChat official account for promotion as well as serialized internal news, the Company successively organized and launched a series of investors education activities such as the Constitution Day publicity activities, the "Rational investment starts from me" publicity campaign, the prevention from illegal fund-raising during the 2018 "Spring Festival" period as well as the 2018 promotion month for prevention from illegal fund-raising campaign.

1.2 Strengthening Risk Management and Control

The Company conscientiously implemented all requirements of the State-owned Assets Supervision and Administration Commission of Hebei Province on strengthening risks prevention and control, and always implemented risks management throughout the entire process of business development, adhering to the principle of equal emphasis on strategic direction and risk management, scientifically handled the relationship between business development and risks management, actively constructed core risks management systems for including strategic risk, financial risk, investment risk, security risk and legal risk, making risks management an important guarantee for the Company to achieve sustainable development.

SEEKING CORPORATE DEVELOPMENT

1.3 Adhering to Compliance Management

The Company adhered to corporate governance and compliance management according to law. Through the designated Legal Affairs Department, the Company is equipped with legal professionals as full-time legal consultants to ensure that the Company achieves a 100% legal review rates for important operation decisions, rules and regulations as well as major contracts; active efforts are made on publicity and education for rule of law to gradually build the concept that everyone shall comply with law at its own initiative (人人合規、主動合規).

The Company has formulated the “Measures for Assessment of the Responsibility System for Improving the Party’s Style of Work and Upholding Integrity (《黨風建設和反腐倡廉責任制考核辦法》)” and the “Measures for accountability of Main body Responsibilities and Supervision Responsibilities for Improving the Party’s Style of Work and Upholding Integrity (《黨風建設和反腐倡廉主體責任和監督責任追究辦法》)” to define the scope, methods, procedures and application of accountability.

The Company constantly deepened deployment of supervision and reform, and carried out ongoing “integrated + special” supervision and inspection. Integrated supervision and inspection were carried out in terms of comprehensive and stringent party governance, corporate governance, production operation, reform development, financial management, material procurement and system construction. For key areas and critical segments which are prone to problems, the Company carried out special supervision and inspections such as recycled coal (回場煤) management, implementation of main body responsibility for organizations directly under the Party, waste material management, section and team level personnel management, performance appraisal as well as politic construction.

In 2018, the Company continued to strengthen construction of an integrity culture by organising and conducting warning education activities on the theme of “Speaking politics, obeying disciplines and shifting style (講政治、守紀律、轉作風)” throughout the year as well as running monthly warning educations in special topic party classes, concentrated discussion of “disciplines around” and other forms. During the events, the Company organised a total of 267 studies for party disciplines and rules, 132 party classes hosted by Party committees and Party secretaries, 23 special topic counselling by discipline inspection team leaders, held 35 warning education conferences, watched 619 warning education films, and hosted 25 visits to warning education bases, educating 7,556 person times. Before festive days, the Company held warning education counseling lectures to carry out integrity conversations with section and team level personnel; the Company would also irregularly send contents such as warning messages, comics, videos and cases through WeChat public account to promote self-disciplines. The Company ensured comprehensive investigations through smooth supervision channels, public reporting telephones, e-mails and other convenient reporting methods to supervise and inspect the contents of the “Ten Prohibitions” one by one, restlessly correcting irregularities. Throughout the year, the Company has accepted a total of 51 cases of complaints and whistleblowing, 7 cases of which were filed for investigation and 11 persons were subject to party disciplinary actions.

In 2018, there was no legal proceeding regarding corrupt practices within the Company.

CONTRIBUTING TO THE COUNTRY

2 Contributing to the Country

QHD Port actively responded to state strategies by seizing the historical window period and strategic opportunities period of development to strives for “contribution to the country”, building a resource allocation hub to ensure stable supply of energy sources; supporting regional coordinated development and serving the Beijing-Tianjin-Hebei material strategy; and actively responding to the state’s Belt and Road Initiative by promoting the rapid development of foreign trade business.

2.1 Serving as a Resource Allocation Hub

As a multi-function comprehensive international trade port mainly for energy resources export, Qinhuangdao Port is seamlessly connected with Daqin Railway, and is the major hub port of China’s energy transportation, playing the roles as China’s “coal price stabilizer” and “water pool for transporting coal from the north to the south”. The Company mainly undertakes businesses such as loading or unloading, storage, warehousing, transportation and logistics of cargoes, with operating cargoes including coal, metal ore, container, oil and liquid chemicals as well as other general cargoes. In 2018, the Company recorded a throughput of 382 million tonnes, representing an increase of 0.46% compared with 2017.

Coal Transportation Business

To ensure coal supply, serve people’s livelihood and stabilize coal price, QHD Port regards coal transportation business as its top priority. In 2018, the Company held special topic meeting for anti-freeze coal in advance before winter, and made comprehensive deployment for anti-freeze measures from aspects of climate forecasting, anti-freeze warning, information delivery, labour guarantee, equipment guarantee, and unload supervision, so as to ensure the interests of the peoples. In addition, the Company gave priority to guarantee the incoming and outgoing of coal with long-term benchmarking price, cheap price, high-quality and good sales, and accelerated the transshipment efficiency of port cargoes. In addition, QHD Port made scientific site layout and improved the storage capacity of static sites to ensure maximum storage efficiency of storage yards. Through active guidance of site delivery for small coal types, scientific integration of small coal types could be realized, thus effectively enhancing site utilization efficiency. Meanwhile, through the use of stop-point function tables and suspension of planning for incoming of coal types with poor turnover, decrease in site turnover rate due to hoarding and profiteering of individual coal suppliers was avoided.

To improve port transshipment efficiency, the Company continued to expand long-term lease cooperation. In 2018, we had special site cooperation with 28 companies and signed quasi-liner contracts with 12 companies for continuous optimization and enhancement of port transshipment efficiency.

CONTRIBUTING TO THE COUNTRY

Iron Ore Transportation Business

In response to the Company's strategic goal of "Occupying the Shanxi, Hebei, Shandong and Henan Region and advancing into Shaanxi, Gansu, Ningxia and Mongolia", in 2018, QHD Port actively explored new markets by developing steel mills such as Shougang Changzhi Iron & Steel Co. Ltd. in Shanxi (山西首鋼長治鋼鐵), Haiming Furnace Material (海明爐料) in Inner Mongolia and Ningxia Shenyin Special Steel (寧夏申銀特鋼). In 2018, the trade mine business amounted to 11.8092 million tonnes.

To ensure the smooth unloading and distribution of iron ores in the ports, with the support of railways departments, the Handan-Huanghua Railway has increased the frequency of trains into the ports since 1 September 2018, from the original 4-5 trains/day to 9-10 trains/day. The number of trains for unloading and distribution in the ports reached 6.97 million tonnes throughout the year, and a new model of train transportation was launched with the commencement of iron ores unloading and distribution business in 35T open top compartments.

Case: Caofeidian Industrial Company (曹妃甸實業公司) bucked the trend and maintained stable development

In 2018, facing excessive port berths and competitive market conditions coupled with unfavorable factors such as limited production and production suspension of steel enterprises, the company bucked the trend by adopting a number of measures to ensure the quality of mixed mines. The company continuously upgraded and improved the production process to secure the cost while ensuring the stable quality of mixed ore products and completion the iron ore transportation business with quality and quantity assurance. Through methods such as modification of belt conveyors and calibration of belt scales (皮帶秤), the amount of mixed ores was greatly enhanced, thus ensuring the stable quality of mixed ore finished products and wide recognition by the market. In 2018, the company accomplished 5 million tonnes of bonded mixed minerals and 2 million tonnes of non-bonded mixed minerals. The company will continue to guarantee the processing services of refined mixed minerals.

Container Business

To overcome the difficulties of less local source of cargoes, in 2018, QHD Port focused on development of remote source of cargoes by further expanding the source of cargoes subject to "change from bulk transportation to container transportation" and "change from general cargo transportation to container transportation", with focus on sorting out and developing cargo source along railways. The Company opened the Qinhuangdao-Shanghai direct shipping route with reasonable tendency of route configuration, and guaranteed to expand the operation of lump coal transportation from the hinterland by container liners. Meanwhile, the Company further developed the sea-railway combined transportation business, and opened the Qinhuangdao South--Erenhot (border) container international freight train in April 2018. In addition, QHD Port introduced by negotiation new routes based on cargo flows. During the year, new routes included the Huanghua Port-Taicang route and the Huanghua Port-Wenzhou-Fuzhou direct route, and the Company further optimized the encryption of the Huanghua Port-Tianjin Port routes. Currently, a number of shipping companies have carried out cooperation with the port, covering a total of 21 routes.

CONTRIBUTING TO THE COUNTRY

2.2 Constructing an Integrated Port

Through over 100 years of history, QHD Port has developed into the world's leading shipping port platform for dry bulk cargoes. We are committed to building an integrated port which will become "a new channel for bridging the European and Asian Continents".

Grain Port

As one of China's first designated ports for importing grains, the Company firmly grasps its first-mover advantage and leverages the stable demands of port-side and surrounding processing enterprises to full play our own advantages of bulk grain storage silos by tapping the market and extensively soliciting source of cargoes, with business volume of imported grains recording year-on-year increase and reaching 2.27 million tonnes in 2018, ranking first among the general cargoes categories.

Wind Turbine Blades

Wind turbine blades are products for clean energy generation manufactured by Elm Wind Energy Blade Products (Qinhuangdao) Co., Ltd., a foreign investment enterprise in Qinhuangdao with an annual production of 1,800 pieces of blades. Affected by routes and market factors, blades have to be transported to other ports for shipment in the past. In view of this, the Company actively leverages its local advantages and participates in the competition of wind turbine blades shipment. Through optimizing the shipping process and developing special tools, we have successfully brought the wind turbine blade transportation business into our "pocket". For 6 years since the shipment, an aggregated shipment of 5,646 pieces of blades have been recorded, with the shipping routes gradually extending to the United States, India, South America, Europe and other countries and regions.



Wind turbine blades ready for installation

CONTRIBUTING TO THE COUNTRY

Traditional Transportation Business for Foreign Trade General Cargoes

While expanding new sources of cargoes, the Company has also steadily developed transportation business for traditional foreign trade general cargoes such as steel plates, fine minerals, fertilizers, vegetable oils, feeds and cattles. Coupled with structural adjustment of cargo source, the Company has continued to optimize operation process, propelled construction of projects for temporary open-type cover sheds (開敞式周轉罩棚), increased the storage capacity of imported grains, further playing the role as a bonded warehouse platform and injecting new dynamics into the core competitiveness of port general cargoes transportation.



Operation Sites for General Cargoes

Case: The number of cows in single vessel in Qinhuangdao Port reached a new height

In the early morning of 16 September 2018, 6,226 Australia imported dairy cows carried by Jiawan (「佳灣」號), a special vessel for live stocks parked at No. 20 berth of QHD Port General Cargo Port Branch (秦港股份雜貨分公司), were all loaded on trucks smoothly, breaking new record for the import and export of single-ship dairy cows.

The loading and unloading of foreign trade cattle vessels is characterized by strong business mobility and high risks, and is categorised as special cargo operation. The Company has sets up in advance a sawdust and sandy soil working platform for loading and unloading cattles, and arranged workers to help drive the cattles off the vessels for loading on trucks to prevent them from injury for falling and escaping. The operation sites were noisy and the cattles emotionally unstable. The operation staff overcame the harsh environment of the scene and patiently drove the cattles off the vessels. After 44 hours of continuous operation, 6,226 imported cattles were all loaded smoothly.



Construction of a cow loading and unloading platform

CONTRIBUTING TO THE COUNTRY

2.3 Supporting Regional Coordinated Development

QHD Port supports state strategies, implements the requirements for regional coordinated development and new styles of urbanization, and actively promotes the coordinated development of Beijing-Tianjin-Hebei.

In 2018, the Company made continuous exploration of port transformation by grasping the trend of early development of Hebei coastal and Bohai New Zone and the opportunity of open up and development of the Belt and Road Initiative.

In 2018, heads of QHD Port and units including the Development and Reform Commission and Municipal Planning Bureau of Qinhuangdao went together to Tianjin, Qingdao and Shanghai to study the planning and construction of free trade ports (zones) and home ports for international cruises. Borrowing advanced experience, they help Qinhuangdao Port transform and build into a first-class international tourism city. The Company continuously explored functions such as leisure vacations and yachts, cruises, conventions, large-scale sea performances and sea tourism to help build Qinhuangdao City into an international tourism city, realizing simultaneous transformation of the city and the Company, and continuously optimizing regional synergy development.

2.4 Leveraging the “Belt and Road” Construction

Firmly grasped the new opportunities brought about by the “Belt and Road” construction, QHD Port focuses on port-city integrated development, with deep operation of local foreign trade cargo source to continuously enhance the efficiency and service quality of loading and unloading operations, which has promoted the rapid development of foreign trade business. The Company pays attention to cultivation of local sources of cargoes, and has successfully developed high-value cargoes such as wind turbine blades, large steel pipes and large bridge equipment in recent years. Starting from scratch to launching vessels in local ports, we have helped boost local economic development and promote the intrinsic improvement of the port-city economic structure as well as regional economic development.

Bridge Equipment Transportation Service Project for the Padma Bridge

The Padma Bridge project is not only one of the important channels for China to connect with the “Pan-Asia Railway”, but also one of the important cooperation projects under the Belt and Road Initiative of China. The Company’s successful securing of such equipment transportation business not only added new cargo types to port general cargoes transportation, but also contributed to the “Belt and Road” construction. Since July 2016 when the first batch of 152 bridge components were shipped in, the Company has completed a total shipment of over 20 vessels, and subsequent bridge components will successively be launched in Qinhuangdao Port.



Transportation of Bridge Equipment for Padma Bridge

CONTRIBUTING TO THE COUNTRY

The South Korea – Qinhuangdao – Mongolia International Container Train commenced operation

On 18 April 2018, the South Korea- Qinhuangdao -Mongolia International Container Train on Sea-Railway Transport officially commenced operation, marking a solid step for the transformation and development of Qinhuangdao Port in becoming a powerful driver for Qinhuangdao City's deep integration into China's "Belt and Road" construction and building as a national comprehensive transportation hub city.

The opening of the international container trains has set up a sea-land trading bridge across three countries, which will accelerate the development of port side logistics industry, and may further explore cargo source market, improve logistics services and make greater contribution to the transformation and upgrading of the port and the development of Qinhuangdao. Since the opening of the Qinhuangdao-Inchon Route (秦仁航線) in 2004, annual inbound and outbound containers have reached 30,000 TEUs, while inbound and outbound passengers approximated 50,000. As the only passenger-cargo liner route to South Korea, the Qinhuangdao-Inchon Route has greatly contributed to the development of international tourism for Qinhuangdao and surrounding areas as well as expanding the trade and logistics cooperation with South Korea. On 18 April 2018, the first Qinhuangdao South-Erenhot (international) container international freight train of Qinhuangdao Port successfully commenced operation and directly headed for Mongolia's capital Ulaanbaatar via the Erlianhaote Port in Inner Mongolia. As of 31 December 2018, a total of 34 freights and 3416 TEU has been completed. It is expected that 7500TEU will be completed throughout 2019 and double freights per week will gradually be realized. The commencement of operation of such freight train fully relies on the advantages of road-port railway cargoes collection and distribution system and the Qinhuangdao-Inchon Route together with the great support from government departments and the Beijing Bureau (北京局), marking the further expansion of the port's radiation and its growing role as an international logistics hub along the "Belt and Road". On this basis, the Company is also actively planning to open two "Belt and Road" international container intermodal trains to Central Asian countries via Qinhuangdao Port and the Khorgos Port in Xinjiang, and to Russia via Qinhuangdao Port and Manzhouli Port (滿洲裡口岸).

CREATING VALUE FOR CUSTOMERS

3 Creating Value for Customers

As the world's leading operator of public ports for dry bulk cargoes, we insist on "creating value for customers" by further deepening transformation and upgrading of the enterprise, exploring value-added services for the port, integrating upstream and downstream business of the industry chain and extending the logistics service system. We stress technology and innovation and strive to enhance customer service quality and our sustainable development capabilities.

3.1 Innovation Driving Development

In 2018, with technology center as the platform and smart port construction as the theme, QHD Port gave full play to the leading role of scientific and technological innovation and informationization, making several outstanding scientific and technological achievements during the year. Three projects, namely the "R&D and application of the dumper funnel level monitoring system based on multi-sensor information fusion (基於多感測器資訊融合的翻車機漏斗料位元監控系統研發及應用)"; the "Development and manufacture of anti-unit coupler detection device and design of the tracking and protection system (反位元車鈎檢測裝置研製與跟蹤保護系統設計)" and the "Construction and realization of large informatized modern dry bulk port based on concept of synergy (基於協同理念下的大型現代幹散貨港口資訊化建設與實踐)", among others, were appraised as of international advanced standards, while the "Development and manufacture of dumping machine anti-car plate dumping and lever extension detection device (翻車機出口防車皮傾倒及拉桿伸出檢測裝置研製)" was regarded as with leading level domestically. The "Research and Application of Key Technologies for Smart Collaboration System of Large Dry Bulk Port (大型幹散貨港口智慧協同體系關鍵技術研究與應用)" of the Company won the Second Prize of Science and Technology granted by the China Institute of Navigation (中國航海學會); while the "Development and System Design of Critical Device for Protection Plates of Dumper and Railway Facilities (翻車機保護車皮及鐵路設施關鍵裝置研製與系統設計)" and "The R&D and application of hopper data bits monitoring system for dumpers based on Multi-Sensor Information Fusion (基於多感測器資訊融合的翻車機漏斗料位元監控系統研發及應用)" won the third prize of Science and Technology Progress Award granted by the China Port Association; and the two projects, namely "QHD Online – "Internet +" Online Business Office (秦港線上-"互聯網+"網上營業廳)" and the "Internet Platform for Online Testing of Moisture Rate of Port Coal (港口煤炭含水率線上檢測互聯網平台)" were approved as key projects for integrated development of the Internet and advanced manufacturing industries in Hebei Province (河北省互聯網與先進製造業融合發展重點項目); and the Company was listed as a pilot unit for "Integration of Informationization and Industrialization (兩化融合)" management system.

The Company encourages technological innovation, protects intellectual property rights and patents; complies with the "Patent Law of the People's Republic of China (《中華人民共和國專利法》)", the "Implementation Rules for the Patent Law of the People's Republic of China (《中華人民共和國專利法實施細則》)" and the "Companies Law of the People's Republic of China (《中華人民共和國公司法》)"; and formulates the "Measures for the Administration of Patents (《專利管理辦法》)", in which the ownership of patent rights, procedures for patent application, development of patent technology, patent transfer and implementation licenses, patent protection and corresponding reward and punishment measures are clearly defined. In 2018, the Company had two invention patents and two utility model patents which were authorized by the State Intellectual Property Office and one invention patent application was accepted; and the Company obtained six copyrights for computer software.

CREATING VALUE FOR CUSTOMERS

In promoting industry progress, QHD Port has actively participated in the formulation of industry standards and the formulation or revision of national, provincial and ministerial standards to enhance industry exchanges and promote industry development. In 2018, the “Environmental Protection Technical Specifications for Transfer Points of Port Coal Handling System (《港口煤炭裝卸系統轉運點環保技術規範》)” and “Specification of Port Coal Transportation Services (《港口煤炭運輸服務規範》)” hosted by the Company were included in the 2018 Local Standards Revision Plan of Hebei Province (2018年河北省地方標準制修訂計劃) and the 2018 Group Standard Revision Plan by the China Port Association (2018年中國港口協會團體標準制修訂計劃).

Intelligent Ports

In 2018, the Company continued to accelerate construction of intelligent ports, which has promoted the deep integration of emerging information technologies such as “Big Data, Artificial Intelligence, Mobile Internet, Cloud Technology and Internet of Things (大智移雲物)” and the Internet with areas such as management production business, customer service, smart operation and security management. Completed projects include the online business office (網上營業廳), human resource management system (人力資源管理系統), customer resources management system (客戶資源管理系統), customer video service system (客戶視頻服務系統), UAV water gauge measurement system (無人機水尺測量系統), UAV coal palletizing system (無人機煤炭盤垛系統) and other intelligent and safe production management systems, effectively improving the level of intelligence of ports.

- The Company has undertaken construction of the smart port demonstration projects by the Ministry of Transport. In 2018, the Company completed the construction plan which was approved by the Ministry of Transport and the Provincial Department of Transport of Hebei Province, and was greatly supported by the State-owned Assets Supervision and Administration Commission and the Ministry of Transport at provincial level.
- The Company was listed as one of the ports in the construction of the “Beidou Global Shipping Demonstration Project (北斗全球航運示範工程)” by the Ministry of Transport and the General Armament Department of the Central Military Commission, and was strongly supported by the Ministry of Transport.
- The Company continued to promote construction of online business office in the “Qinhuangdao-Caofeidian Integration (秦曹一體化)”, and connected the data special lines between the online business office and the Caofeidian Maritime Safety Administration (曹妃甸海事局). Currently the system has been officially put online, effectively improving the efficiency of port business and reducing cost of customer business.
- The Company has completed the design of the cloud computing data center construction plan which has passed expert review. At present, the project has entered the stage of concrete implementation.

CREATING VALUE FOR CUSTOMERS

3.2 Upgrading Customer Services

QHD Port well understands the importance of improving freight quality for building the core competitiveness of the Company, and adheres to the “customer first, service-oriented” service concept, constantly improving customer service quality. We strictly abide by relevant laws and regulations such as the “Contract Law of the People’s Republic of China (《中華人民共和國合同法》)”, the “Railway Law of the People’s Republic of China (《中華人民共和國鐵路法》)”, the “Procedures for Railway Freight Transportation (《鐵路貨物運輸規程》)” and the “Administrative Measures for Special Railway Lines and Special Purpose Railways (《鐵路專用線、專用鐵路管理辦法》)”; formulate and implement the “Ten Commitments for Service Quality” to regulate standards of service quality. Our Integrated Business Office in Qinhuangdao Port accepts round-the-clock entrustment of shipping operations to ensure that we are always on call from customers; we have also strengthened arrangement for internal connection among vehicles, ships and cargoes; and have regularly collected opinions and suggestions from customers regarding port loading and unloading operations, cargo quality and service standard to continuously improve and enhance service standards.

“One-on-One” Personalized Services

In 2018, Cangzhou Mineral under QHD Port established a direct communication channel with customers by forming a “one-on-one” precision service for increasing communication with traders and agents and securing more trading mine operation in the port; strengthening communication and cooperation with railways and relevant port departments to speed up site turnover and further enhance efficiency of port evacuation; adhering to the “2+6” operation model to improve the unloading efficiency and reduce the parking time; actively promoting open draft (吃水放開) of ship channels, subsequent transportation capacity adjustment of the Handan-Huanghua Railway (邯黃鐵路) and the Company’s service concept; attracting more new and old customers and undertaking more sources of cargoes by nurturing a mature logistics system in the Huanghua Port area (黃驊港地區), cultivating a mature iron ore trading market, strengthening the transportation capacity of the Handan-Huanghua Railway (邯黃鐵路), and applying for reducing freight rates of the Handan-Huanghua Railway (邯黃鐵路).

Constructing Online Business Office

The online business office is an important measure for QHD Port to focus on building smart ports, efficient ports and service ports. It is also a vivid embodiment of the concept of customer-oriented service. Since the online business office of Qinhuangdao Port was officially launched, it has realized functions such as online business processing, marine work declaration, online payment, online shipping business handling, cargo rights change, coal blending agreement, inbound confirmation letter and video service in operation sites. The “last mile” of the port business processing segment can be opened up by using the “Internet +” to improve efficiency and standard of customer services while greatly enhancing customer experience.

CREATING VALUE FOR CUSTOMERS

For port business handling procedures in the past, from filling of shipping documents to the shipment of cargoes, customers need to go to numerous departments and units such as maritime departments, business offices, shipping agents and port companies, the process of which is very cumbersome. Nowadays, customers can conduct business right away through the online business office, and realize instant access of information such as progress of procedures, monitoring balance of expenses and storage capacity. Besides, the online business office can guarantee the safety of customer's cargoes information to the utmost extent as each and every customer has an electronic security device registered in the port when using the online business office, so that customers can save time and feel at ease when handling business. As of 31 December 2018, there are already 136 customers who have opened accounts and registered in the online business office, basically covering all the "operational principals" having actual coal business in Qinhuangdao Port. The online business office has accepted an aggregate of 2,356 entrusted coal shipments, 1,515 cases of property rights transfer, 472 coal distribution agreements, 180 payment receipts with amount totaling RMB374 million, and 53 confirmation letters for site transfer (專場確認函).

3.3 Improving Supplier Management

A good supplier management system is the guarantee and way to create higher value for customers. QHD Port attaches importance to supplier management, not only by requiring itself with strict standards, but also by urging suppliers to enhance their social responsibility performance, continuously improving supplier management standards and make progress together with partners to ensure the healthy development of the industrial chain.

In 2018, the Company revised the "Regulations on Management of Material Suppliers (《物資供應商管理實施細則》)" to made provisions on inspection, access, management of supplier and supplier information maintenance. The regulations not only require suppliers to comply with state laws and regulations and related standards, but also make relevant request to suppliers themselves in areas of environmental protection, safety and performance of other social responsibilities such as requiring suppliers to have quality, safety, and environmental systems documentation (環境體系文件).

The Company classifies suppliers and divides them into categories such as manufacturers, agents (including distributors), general traders, dangerous chemical suppliers, waste materials recyclers, etc., and formulates applicable detailed management standards and requirements for different natures of suppliers for targeted management of suppliers.

In 2018, the Company had a total of 621 suppliers.

ADDING GREENERY TO THE ECOLOGY

4 Adding Greenery to the Ecology

We always bear in mind that “environmental protection is the lifeline of ports” and communicates the “environmental protection in essence (本質環保)” philosophy to every position. The Company actively participates in tough battles for prevention and control of air pollution and water pollution; reasonably develops and utilizes resources, implements energy conservation and emission reduction; improves the ecological environment of land and sea areas of the port areas, and promotes harmonious integration of the environment in the port and the city.

4.1 Enhancing Environmental Management

QHD Port strictly abide by laws, regulations and provisions such as the “Law of the People’s Republic of China on Environmental Protection (《中華人民共和國環境保護法》)”, the “Law of the People’s Republic of China on Prevention and Control of Air Pollution (《中華人民共和國大氣污染防治法》)”, the “Law of the People’s Republic of China on Prevention and Control of Water Pollution (《中華人民共和國水污染防治法》)”, the “Law of the People’s Republic of China on the Prevention and Control of Solid Waste Pollution (《中華人民共和國固體廢物污染環境防治法》)”, the “Law of the People’s Republic of China on Marine Environmental Protection (《中華人民共和國海洋環境保護法》)”, and manages all environmental impacts arising within the land and sea areas of the Company’s operation. To ensure that our environmental protection has complied with standards, the Company has formulated the “Administrative Measures for the Acquisition, Identification and Renewal of Environmental Protection Laws and Other Requirements (《獲取、識別、更新環境保護法律及其他要求管理辦法》)”, timely tracks and applies environmental laws and regulations applicable to all aspects of the Company’s operations, and publishes them on the internal website of the Company.

The Company has formulated the “Measures for Management of Environmental Protection (《環境保護管理辦法》)”, implemented responsibility system for targets of environmental protection, and included environmental protection work in the annual work objectives and assessment system of responsible persons. Since 2015, the Company has carried out construction of environmental management self-discipline system and prepared the “Manual for Environmental Management Self-discipline System (《環境管理自律體系手冊》)”, which requires upgrading environmental management requirements and strengthening basic work of environmental protection, including improving archives of environmental management, strengthening the collection, sorting and filing of basic materials and accounts, timely replenishing basic management contents according to management requirements and enhanced standards; establishing basic accounts such as on-site inspection accounts and various levels and types of inspection accounts to enhance the standards of traction management and traceable management of environmental protection.



ADDING GREENERY TO THE ECOLOGY

In 2018, the Company continued to strengthen trainings of environmental protection, organized 8 classes of special systematic trainings for dust prevention and control, environmental protection special trainings and hazardous waste management, and response to emergency environmental events as well as special trainings for environmental protection management personnel, completing a total of 733 person-time trainings throughout the year to further enhance environmental management staff's understanding of laws and regulations and awareness of environmental risks confronted by the Company, and to strengthen the effect of port environmental protection management. The Company carried out the June 5th environmental day promotion work by various forms of publicity and education activities such as organizing questionnaires for environmental protection knowledges, printing brochures, publishing special editions in Hong Kong newspapers, setting up slogans for environmental protection columns and compiling environmental protection learning materials to firmly establish awareness of employees on environmental protection.

4.2 Protecting Clear Water and Blue Sky

In August 2018, the State Council issued the "Three-Year Action Plan for Winning the War of Protecting the Blue Sky(《打赢蓝天保卫战三年行动计划》)". As the Company's location of principal business operation is right within the designated key areas (Beijing-Tianjin-Hebei and surrounding areas) in such plan, we followed closely the state's deployment and formulated the Company's "Three-Year Action Plan for Winning the War of Protecting the Blue Sky (《打赢蓝天保卫战三年行动计划》)". Taking improvement of air quality in the port area as the core, the adjustment to function layout and transformation of the port as an opportunity, and solving outstanding environmental issues of the port as the focus, the action plan implements tough battles for integrated management of air pollution, with focus on adjusting and optimizing port process and structure for collecting and distributing cargoes, deepening pollution control, strengthening self-regulation and improving emergency response procedures, strictly enforcing "licenced pollutant discharge" and "pollutant discharge according to licence" to win the battle of protecting the blue sky. The Company also released the "2018 Work Plan for Prevention and Control of Air Pollution (《2018年大气污染防治工作方案》)" and the "2018 Work Plan for Prevention and Control of Water Pollution (《2018年水污染防治工作方案》)" to formulate a road map for fighting the tough battles against air and water pollution.

Area for stable improvement of Air quality Qinhuangdao Port Area

Key tasks: Reduce dust and raised dust pollution, and strictly control exhaust emission of mobile machineries

Area for continuous improvement of Air quality Caofeidian, Huanghua Port Area

Key tasks: Adjust the structure for cargo collection and distribution of the ports, strengthen comprehensive remediation of transportation pollution, and strictly control pollution of raised dust

**The main tasks of the Company's
"Three-Year Action Plan for Winning the War of Protecting the Blue Sky"**

ADDING GREENERY TO THE ECOLOGY

In 2018, the Company invested a total of RMB4.7307 million as investment in fixed assets for environmental protection of the Qinhuangdao Port area. Implemented projects include a series of environmental protection projects such as the Coal Phase II reclaimer (Sprinkling System) Renewal Project (煤二期取料機(灑水系統)更新專案), the East Port Area Garbage Collection Rotary Station Project (東港區垃圾收集轉動站工程), and the Coal Phase III Additional Blender for Sludge Tank in Sewage Treatment Plant (煤三期汙水處理廠污泥池新增攪拌器). such as agitator were added to the sludge tank, whereas coal-fired boilers were completely eliminated to enhance the pollution prevention and control capacity of the ports. In terms of dust removal, we excelled in source control by giving priority to high-quality and dust-free coal types; we strictly controlled raised dust on sites and roads of operation and construction, and covered cargoes properly to strengthen dust removal in key areas. In addition, we regularly maintained environmental protection equipment to ensure dust suppression and control effects, and actively promoted upgrading of pollution control equipment and facilities while improving control measures to continuously enhance air pollution prevention and control capabilities. We also actively responded to impacts of heavily polluted weather and strictly implemented emergency response work requirements for heavily polluted weather to ensure that all work measures are properly implemented.

Torrential rain occurred frequently in 2018 due to numerous typhoons. In order to prevent water pollution caused by heavy rain and bad weather, the Company paid special attention to first-line pollution detection in bad weather, and carried out timely inspection on the operation of the sewage facility, monitored water conditions of port areas, rivers, and in the sea area, oil pollution prevention and control as well as management and storage of near-shore hazardous waste, to eliminate any hidden risks and hold fast to the last line of defense against environmental risk.

In 2018, the Company completely removed the use of coal-fired boilers, thus no longer produced emissions of sulfur dioxide, nitrogen oxides, and other atmospheric pollutants. The annual coal dust emissions were 3,091.27 tonnes, a decrease of approximately 60% as compared with 2017. During the year, the Company has stopped ore loading and unloading operations at pier A of the west port area of Qinhuangdao Port and in the east port area, reducing the number of cars and vehicles from the ports by 70,000 times a year, and greatly reducing the gas pollution caused by the long-distance transport of diesel fuel vehicles. Meanwhile, waste water is pre-processed in the oily wastewater treatment system of the Company before received by Qinhuangdao Drainage Co., Ltd. (秦皇島市排水有限責任公司) for further transferred to the city's wastewater treatment site for re-processing, and thus blocked the sewerage outlets that were discharged directly into the sea. In 2018, a total of 26,355 tonnes of general solid waste were produced, all of which were stored, transported and discharged in conformity with requirements, or handed over to the municipal management department for centralized disposal. With regard to hazardous waste, the Company strictly adheres to the redline threshold of environmental safety, implements full process control, regulates the inspection records of all types of stations, improves the dynamic configuration of information updates, and strictly controls the management of hazardous waste storage sites. All hazardous waste are handed over to third-party professional service providers for compliance and safe processing. The Company strictly implements the set-bill administration in transfer of dangerous wastes. In 2018, all hazardous waste were safely transferred to a total of 416.39 tonnes, including 267.36 tonnes of waste mineral oil, 14.8 tonnes of used batteries and 8.18 tonnes of waste oil containers.

ADDING GREENERY TO THE ECOLOGY

Case study: Qinhuangdao Port successfully delivered the first shore-to-ship power supply solution

In November 2018, the Company's first set of high-voltage shore power supply equipment successfully connected onshore power for "Shenhua 538" liner vessel ("神華538" 輪) at berth No. 905 of Qinhuangsheng Port Phase Five coal terminal, marking Qinhuangdao Port has been equipped with high-voltage shore power supply capacity, and the construction of a low-carbon port in green color has taken a solid step.

Previously, all ships berthed at Qinhuangdao Port relied on self-employed power generators to meet their electricity demand. Since heavy oil is mostly used in this type of power generation, pollutants such as PM2.5 particles, sulfur dioxide and nitrogen oxides will be emitted during the process, and their carbon emissions account for 40% to 70% of the total carbon emitted from the port. This is an important factor affecting the air quality in the port area. Shore power equipment not only satisfies the ships' shore-based power supply, but also completely eliminates the air pollution caused by the tail gas of ships. Provided that all the berthing ships use shore power supply equipment, the annual quantity of alternative fuel can reach 1,062.64 tonnes of standard oil, and the carbon dioxide emission can be reduced by 3,439.34 tonnes.

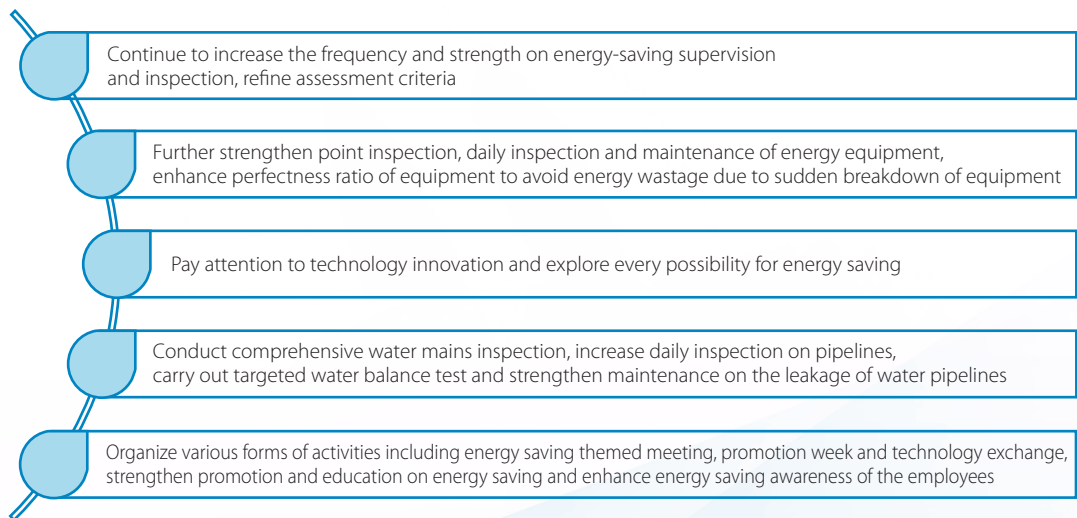
Since 2015, the Company has been working hard to speed up the extensive use of green and low-carbon technologies in the ports, such as shore-to-ship power supply. By 2020, the Company has planned to build eight sets of "multi-electric and stand-alone" shore-to-ship power supply systems with the capacity of 1,250KVA in the east port area.

ADDING GREENERY TO THE ECOLOGY

4.3 Extensively Exploring Energy-saving Possibilities

In 2018, the Company adopted a series of energy consumption reduction measures to optimize the port energy consumption structure. We conducted innovative R&D and fully promoted reverse process activation and the precise coal blending technology. Large-scale loading and unloading appliances have adopted energy recovery systems, rational use of telescopic workers, application of permanent magnet power sets, elimination of high energy-consuming power sets, and switching to seasonal power sets; we carried out pilot scheme for construction of the “automatic energy management system” for Phase Three coal project, realizing digitalization and intelligence of port energy-saving work; we actively promoted green lighting technology and replaced 1,100 sets of energy efficient lighting, further enhanced the green lighting coverage and saved approximately 340,000 kilowatt-hours in energy consumption per annum. On the premise of ensuring safety, we enhanced efficiency of the reverse control system of some reclaimers to save power energy and increase reclaiming efficiency; replaced old spray gun, fire hoses, heating equipment and other water pipes to avoid water leakage. In 2018, our total GHG emission was 53,621.85 tonnes of CO₂ equivalent, and energy consumption per RMB10,000 output value was 0.078 tonnes of CO₂ equivalent.

In terms of daily operations, the Company comprehensively revised the energy and water conservation administration system in 2018, established a sound “three-level management” system, and implemented a refined management system. At the same time, we increased investment in energy saving projects and actively initiated technical reform of energy-saving. We invested approximately RMB9.37 million in energy saving initiatives, achieved saving of a total of 1.59 million kilowatt-hours of electricity, and saving of 82,900 tonnes of water.



Energy-Water Saving Measures

ADDING GREENERY TO THE ECOLOGY

4.4 Building Green Ports

The Company attaches great importance to green ports development, and has consistently implemented the requirements and adhered to the plans of the state and respective ministries or commissions on green development. We set out green development concept, implement green initiatives and construct green development management system. We focus on green development effects and work hard to build green ports characterized by low energy consumption, low pollution, low emission, high efficiency and high effectiveness.

In July 2018, the Company completed two green development guidance reports, namely the “Qinhuangdao Port Green Development Report (《秦皇島港綠色發展報告》)” and the “Green Port “13th Five-Year” Development Plan (《綠色港口“十三五”發展規劃》)”. The “Qinhuangdao Port Green Development Report” summarizes the Company’s concept and practice in the process of green development, as well as the management mechanism and effectiveness in eco-environmental protection, energy-saving and low-carbon practice. Whereas the “Green Port “13th Five-Year” Development Plan” formulates the goals and key tasks for green port development. It takes the plan as the outline, develops new thinking, taps the potential of energy conservation and emission reduction, clearly identifies the development path of green port, and provides further guidelines during the “13th Five-Year-Plan” period in a scientific, systematic and orderly manner, so as to realize the construction of “resource-saving and environment-friendly” green ports.

Case: Beijing-Tianjin-Hebei Regional Green Port Technology Innovation Alliance

In July 2018, Beijing-Tianjin-Hebei Regional Green Port Technology Innovation Alliance was jointly established by the Company, 10 major port companies and scientific research institutions in Beijing-Tianjin-Hebei region. With this alliance in place, we will make full use of the platform where we communicate, produce, learn and research, with an aim to work out a solution to the development of green ports together; Riding on the intellectual advantages, the Company cooperated in the fields of new technologies for energy conservation and environmental protection in ports, research and development of new technologies, innovation in management methods, energy and environmental monitoring, innovation in management methods, energy and environmental monitoring and pollution control so as to improve the scientific and technological level of green port construction as well as development of green paths. Forging an advanced management model for green port construction and the application of low carbon, the Company built a comprehensive demonstration zone for efficient pollution control, fully accelerating the construction of regional green ports and achieving green and sustainable development.

ADDING GREENERY TO THE ECOLOGY

2017-2018 energy and water consumption of the Company

Energy type	Absolute energy/water consumption		Energy/water consumption per RMB10,000 Output Value	
	2017	2018	2017	2018
Raw coal	377.84 tonnes	Fully abolished coal-fired boilers and the use of coal	0.54 kg/RMB10,000	–
Gasoline	116.36 tonnes	101.00 tonnes	0.17 kg/RMB10,000	0.15 kg/RMB10,000
Diesel	7,198.55 tonnes	6,867.59 tonnes	10.24 kg/RMB10,000	9.99 kg/RMB10,000
Electricity	323.7935 million kWh	318.4886 million kWh	0.05 kWh/RMB10,000	0.046 kWh/RMB10,000
Steam	50,477 tonnes	51,366 tonnes	71.77 kg/RMB10,000	74.70 kg/RMB10,000
Closed-circuit supply of hot water	155,821GJ	158,055GJ	0.22 GJ/RMB10,000	0.23 GJ/RMB10,000
Municipal water	1,436,608 tonnes	1,497,222 tonnes	/	2.18 tonnes/RMB10,000
Reclaimed water	/	2,318,726 tonnes	/	3.37 tonnes/RMB10,000

4.5 Strengthening Ecological Construction

In September 2017, the State Oceanic Administration issued the “Guiding Opinions on the Pilot Work on the Head of the Bay”, which was proposed in Qinhuangdao City of Hebei Province, Jiaozhou Bay of Shandong Province, Lianyungang City of Jiangsu Province, Haikou City of Hainan Province and Zhejiang Province. In January 2018, Qinhuangdao City issued the “Head of the Bay Pilot Work Plan” to further strengthen marine environmental protection in coastal areas, strengthen coastal beach protection and restoration, and build a long-term management system to achieve the goals of clean water, green shores, pristine beaches, beautiful bays and abundant resources, promoting the construction of marine ecological civilization in an all-round manner. Upon receipt of the tasks from the local government, Hebei Port Group Co., Ltd. (河北港口集團有限公司) embarked on formulating the implementation plan for “Head of the Bay”, establishing the comprehensive command organization, implementing the “three-level” accountability for “Head of the Bay” and allocating responsibility, where targets and key tasks are defined, thereby achieving full coverage of regulatory obligations for each linear metre coastline. The Company was actively involved in the “Head of the Bay”, coordinated the development of land and marine economies where full participation in the “Head of the Bay” was achieved. By the end of 2018, we had completed a total of about 200,000 square meters of land along the coast and surrounding areas, cleaned up 130,000 cubic meters of earthwork, cleared 61.92 tons of floating garbage at sea, and handled 829 issues relating to illegal fishing and over 165 illegally docked and obstructed ships, and accumulated garbage along the coast of the port, sanitary corners, weeds, machine appearance, and ship docking order were effectively treated, and the sea environment was significantly improved.

ADDING GREENERY TO THE ECOLOGY

According to the overall requirements of the Qinhuangdao Municipal Party Committee and Municipal Government on the remediation of the drain flood rivers, the Company fully cooperated with the municipal government to carry out the work of rectifying the drain flood rivers, starting from the aspects of coal-bearing rainwater treatment and coal dust control, and adopting corresponding measures on both sides of the flood discharge river. Dust-proof, anti-sewage and anti-spam measures to eliminate pollution from the drain flood rivers in the port area. The Company has completed the belt conveyor cover of the belt conveyor along the drain flood rivers; the blockage of all rainwater discharge ports in the port area and the anti-overflow reconstruction of the key locations; the roads along the drain flood rivers and the roads on both sides and the stone slope protection garbage in the port area Clean up; a number of tasks such as the reform of rain and sewage in the coal port area, the governance results have been highly recognized by Qinhuangdao City.

In 2018, the Company continued to promote the construction of unified emergency system prevention of pollution by vessels and control joint defense in Qinhuangdao Dongxiang District, and carried out joint emergency body emergency reservoir and oil spill response capacity construction to further improve the company's oil spill response capability. In order to prevent various oil pollution accidents, we continuously strengthen the whole process and all aspects of management in the port production operations, strengthen the oil loading and unloading operations, and ensure that the use rate of the boom in the loading and unloading process is 100%; The Bank's environmental protection and pollution prevention and mutual protection agreement; strengthen the investigation of oil pollution hazards and on-site inspections during key periods to prevent pollutants from entering the sea; and provide precautions for ship anti-pollution before the port and the key supervision of on-site staff for old ships and accident-prone ships.

To promote harmonious development among ports, the environment and the cities, the Company has invested more than RMB25 million in the greening of the Qinhuangdao port areas in the past four years. The port areas are surrounded by plants with blooming colorful flowers stretching millions of square meters, which not only serves as dust-proof and dust reduction purpose but also integrates with the urban landscape. In 2018, the Company dispatched 495 salvaging vessels and salvaged 61.92 tonnes of floats, ensuring the environmental quality and beauty of sea areas.

ENSURING PRODUCTION SAFETY

5 Ensuring Production Safety

We in QHD Port cherish a firm belief that “safety is the greatest welfare of our employees” and attach enormous importance to production safety, therefore, we hold on to the bottom line of safety, and vigorously promote production safety accountability among our employees. Through emergency drills and screening of hidden dangers in addition to various kinds of training, education and promotional activities, the Company has fostered a pleasant atmosphere of production safety as well as a strong cohesion among its employees, which is conducive to the accomplishment of its target of “zero accident in production”.

5.1 Strengthening safety management

In accordance with the laws and regulations such as the “Production Safety Law of the People’s Republic of China” and the “Port Law of the People’s Republic of China”, QHD Port formulated and constantly optimized its own “Production Safety Accountability System” and the other 35 production safety rules, regulations and operating procedures under the principle of “unified leadership, well-defined responsibility, hierarchical management, and whole-company participation”. In accordance with the Management Measures for Production Safety featuring “CPC Committee and Administration Sharing the Same Responsibility with One Post Undertaking Both Responsibilities” and the “Implementation Plan for Gridded Management of Production Safety”, the Company has established a cover-all and seamless production safety accountability system with “the CPC Committee to promote safety, administration to take control of safety, production department to implement safety, equipment department to ensure safety and supervisory departments to supervise safety”, and widely implemented grid management of the production safety accountability system within the Company.

In accordance with the relevant laws and regulations such as the “Administrative Measures for Emergency Plan on Production Safety Accidents” issued by the State Administration of Work Safety and the “Management Provisions for Production Safety Emergency” prevailing in Hebei Province, the Company revised its “Emergency Management Measures for Production Safety Accidents” in 2018 to further standardize its production safety management practices, aiming to instantly and effectively control, reduce and eliminate safety accidents and the damage caused by such accidents, and protect the health and safety of our employees; meanwhile, the Company carefully implemented the “Work Plan for Prevention and Rectification of Serious Accidents in Hebei Province” and the “Opinions on Furthering the Construction of the Dual Prevention and Control Mechanism for Safety Risk Management and Hidden Danger Screening” while vigorously advancing the construction of the dual control system, and integrating these two tasks throughout the entire process of production and operation, so as to eliminate management blind spots.

ENSURING PRODUCTION SAFETY

5.2 Ensuring production safety and operation

In 2018, the Company organized a series of activities such as safety risk Management, safety inspection, hidden danger screening, and emergency rescue rehearsals, aiming to promptly discover and rectify hidden dangers, so as to spot and eliminate problems before they turn into disasters. Thanks to the joint efforts of all our employees, the Company recorded no general or more serious production safety accidents throughout the year.

Case: Comprehensive emergency drill for production safety accidents and sudden environmental incidents

In accordance with its plan for 2018, the Company organized a comprehensive emergency drill for production safety accidents and sudden environmental incidents. The drill was sponsored by Qinhuangdao Marine and Fisheries Bureau and Hebei Port Group Co., Ltd., and organized by QHD Port, which simulated scenarios of sudden fire during the maintenance of the stacker, when a series of tasks were performed, such as emergency reporting, fire fighting, rescuing of the wounded, environmental damage monitoring, and on-site traffic control. During the drill, the Company worked closely with the public security, fire fighting squad, transportation, and hospital, dealing with the perfectly-simulated accidents and emergencies and completed the drill successfully.



Comprehensive emergency drill for environmental emergencies

ENSURING PRODUCTION SAFETY

Road Traffic Safety

In order to maintain and ensure smooth road traffic inside the port, the Company formulated the “Supervision and Management Measures for Road Traffic Safety in the Port” in accordance with the “Law of the People’s Republic of China on Road Traffic Safety” and the “Regulations on the Implementation of the Law of the People’s Republic of China on Road Traffic Safety”, aiming to strengthen road traffic safety management and maintain the road traffic facilities in good conditions with increased supervision and inspection efforts, thus laying a solid foundation for making our port a safe one with smooth traffic.

Case: Strengthening road traffic safety in winter

In 2018, the Ship Branch of QHD Port conducted an annual inspection of all its vehicles, and properly documented their conditions, so as to guarantee proper use of vehicles and personnel safety. The Company has strengthened unified management of its vehicles, carefully implemented the vehicle dispatch procedures, and standardized the approval practices for the use of vehicles for business purposes. Meanwhile, the Ship Branch of QHD Port strengthened the education on road traffic safety by organizing its employees to study laws and regulations on road traffic safety as well as the other traffic rules and regulations, aiming to improve the awareness of its employees of rule compliance and personnel safety as well as their capabilities to prevent accidents. In addition, the Company provided special weather forecast services. In case of long-distance missions in extraordinary weathers, the Company will dispatch personnel from the safety assurance department to monitor the driver, so as to ensure safety during the mission. The Company has also established a dynamic evaluation mechanism to quantify the indicators of vehicle conditions, assign dedicated staff to be responsible for the evaluation, and strengthen the management of the vehicle in the whole process, i.e. before the vehicle is dispatch, while it is used and after it is returned to the garage. With such series of measures, the Ship Branch managed to minimize the impact of severe weathers and ensure safe driving in winter.

ENSURING PRODUCTION SAFETY

Fire prevention

In accordance with the “Law of the People’s Republic of China on Fire Prevention” the “Regulations on Fire Prevention for Governmental Departments, Entities, Enterprises, and Institutions” issued by the Ministry of Public Security, the Company formulated its own “Supervision and Management Measures for Fire Prevention” and implemented a fire-prevention strategy featuring “prevention-prioritized with combination of prevention with elimination”, aiming to fulfill its responsibility for fire prevention as an enterprise and ensure safety. The Company conducts fire risk screening every quarter, and requests its frontline units to do so once a month, operation squads every ten days and the individual teams once a week, with inspection records documented properly. The Company also required its new employees to receive fire prevention training before and after transfer of positions, and organized a variety of promotion and education activities throughout the year, so as to enhance awareness of fire prevention through different channels and foster an agreeable corporate culture with participation of all its employees.

Case: screening fire hazards with “three things in place”

In light of its own maintenance practices and seasonal characteristics, the Rail Transportation Branch of QHD Port strengthened inspection and management of fire prevention, and achieved “three things in place” i.e. risk prevention, environmental rectification and safety education. The Rail Transportation Branch of QHD Port established and maintained a management system for disposal of waste oil, aiming to prohibit unauthorized claiming and issuing, thus effectively reduce fire risks; it also thoroughly cleaned the surrounding of its oil depots, removing flammable debris, so as to ensure safety around its oil depots; it strengthened on-site management of use of fire and electric welding with close monitoring, so as to ensure safe use of electricity and fire. Meanwhile, it carried out promotion and education activities on fire prevention to enhance awareness of its employees and improve their capability to prevent fire disasters.

5.3 Leading by Safety Awareness

The Company continued to carry out safety culture construction and created an innovative safety culture propaganda model by publicizing safety culture activities targeting difference levels covering from factory and working group to personal position and family. The Company cultivated a working environment based on intrinsic safety awareness at factory level and working group level so as to shift the employees’ safety awareness from “safety requirement” to “safety initiative” and fostered a safety culture atmosphere characterized by collaboration of all employees and the idea of unity of knowing and acting. In 2018, the Company organized the safety knowledge contest with the theme of “Prioritizing Life Safety and Conducting Safe Development” during the period in which the 17th “Safe Production Month” campaign was launched across the country, aiming to encourage the employees to learn safety knowledge and improve the safety culture construction.

In 2018, the Company organized 512 employees including principals of related units, heads in charge of production and technology and staff responsible for safety management to participate in the training programs in respect of obtaining and renewing “Certificate of Safety Inspection” and “Certificate of Safety Training of Production”. In addition, the Company facilitated 1,326 operators of special equipment and staff engaging in special operations, 127 practitioners of dangerous waterway transport to participate in the training programs with respect to qualified certificates collection, review and renewal.

ENSURING PRODUCTION SAFETY

At the same time, the Company launched various themed trainings on safety, such as a skill enhancement training to 383 loader drivers, a special training on electrical safety to 478 electrical operators, a safety management knowledge training to 252 safety management personnel; a safety production re-education training to 1,376 team chiefs and group leaders; a special training on safe operation in limited space to 748 practitioners, which was instrumental to forming a climate emphasizing safety for everyone, everything and everywhere at any time.

In 2018, the Company carried out 180 safety production re-education campaigns at the factory-level throughout the year with involvement of 10,823 on-post employees. The Company organized a total of 36 special safety education trainings throughout the year with involvement of more than 9,000 employees.

5.4 Protecting Occupational Health

The Company strictly abided by the laws and regulations such as the "Law of the People's Republic of China on the Prevention and Control of Occupational Diseases (《中華人民共和國職業病防治法》)" and the "Measures for the Supervision and Administration of Employers' Occupational Health Surveillance (《用人單位職業健康監護監督管理辦法》)", formulated the "Measures for the Supervision and Administration of Occupational Health Surveillance (《職業健康監護管理辦法》)" to further standardize the Company's occupational health surveillance and strengthen occupational health surveillance management. In accordance with the "Administrative Measures for Protective Equipment of Labor (《勞動防護用品管理辦法》)", the Company maintained the provision and wearing of labor protection equipment under the stringent control, regulated labor time and post responsibilities, vigorously prevented occupational hazards, and attached great importance to protect the health and rights of employees. Additionally, the Company issued the "Administrative Measures for Occupational Health Archives (《職業衛生檔案管理辦法》)", set up occupational health surveillance archive for its employees, required all employees exposed to hazardous environment to take part into the occupational health checkups, and recorded the results in the archives. All grass-root units were also required to set up occupational health surveillance archive in accordance with the measures and went through dynamic management. The archive should be updated timely in case the employees' participation in medical examinations, staff turnover and occurrence of occupational hazards. The Company routinely organized employees who were exposed to noise, dust, welding fumes, benzene, gasoline and other hazardous substance to attend pre-job and in-job medical examinations. In 2018, the Company had no work-related fatalities.

BEING RESPONSIBLE FOR EMPLOYEES

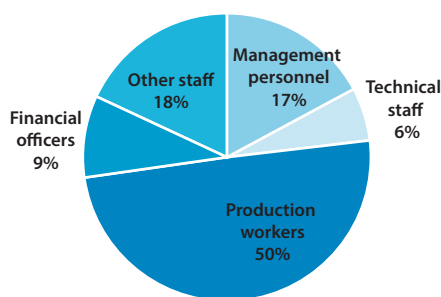
6. Being Responsible for Employees

QHD Port respects the rights and interests of employees, fights against discrimination, cares for vulnerable groups, ensures equal pay for equal work, pays attention to the democratic management on employees, provides smooth channels for complaints, and builds harmonious labor relation. It provides smooth career development path for employees and shares the fruits of corporate development with them.

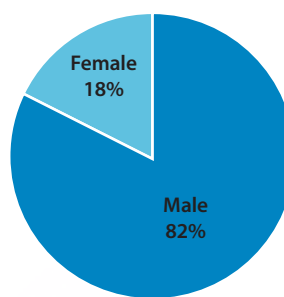
6.1 Safeguarding Rights & Interest of the Employees

In strict compliance with the Labor Law of the People's Republic of China, the Labor Contract Law of the People's Republic of China, the Regulations on the Implementation of the Labor Contract Law of the People's Republic of China and other national laws and regulations, the Company actively implemented the "Administrative Measures for Employee Recruitment(《員工招聘管理辦法》)", the "Administrative Measures for Personal Matters(《人事管理辦法》)", the "Administrative Measures for Labor Contract(《勞動合同管理辦法》)", entered into labor contracts with employees in accordance with the law, adhered to the principle of fair employment, eliminated various discriminations in terms of gender, ethnicity, religion, age, etc. for recruitment, training, promotion and others, constantly improved the basic management of employment and prohibited from employing child labor and forcing labor. By the end of 2018, the Company had 11,674 employees, and the labor contract coverage reached 100%.

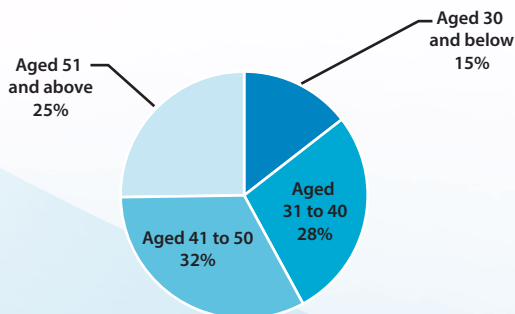
Number of Employees by Type



Number of Employees by Gender

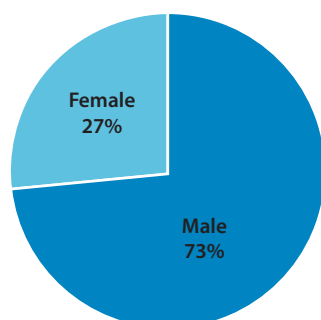


Number of Employees by Age

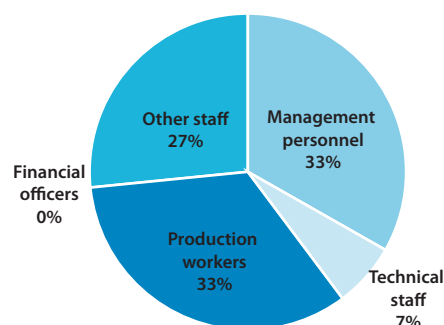


BEING RESPONSIBLE FOR EMPLOYEES

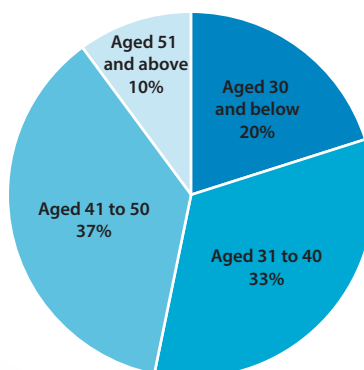
Employee Turnover Rate by Gender



Employee Turnover Rate by Type



Employee Turnover Rate by Age



Data on employee composition and turnover rate

With respect to employee compensation, in 2018, the Company, upholding the market-oriented principle and centering on efficiency as a core, optimized the compensation system and the reward and punishment system applicable to middle management personnel, and revised and refined the "Administrative Measures for Employee Compensation (《員工薪酬管理辦法》)", the "Total Salary Management Method(《工資總額管理辦法》)", the "Salary Management Method for Middle Management Personnel(《中層管理人員薪酬管理辦法》)" and the "Incentives for Middle Management Personnel under Employment (《中層管理人員任期激勵辦法》)" to establish a management system which allows promotion and demotion of management as well as appointment and dismissal of employees and both increase and decrease of compensation. The Company, through the implementation of employee performance management system, linked the total salary, annual salary of middle management personnel with their performance so as to intensify the employees' awareness and understanding of personal performance management, strengthen the timeliness and effectiveness of compensation incentives, and motivate the working enthusiasm of employees.

BEING RESPONSIBLE FOR EMPLOYEES

6.2 Supporting Career Development

QHD Port, from the perspective of its own reality, is committed to focusing on the operation and development of the Company, envisaging internal resources advantages and providing employees with education and training programs integrating focus, multi-level and effectiveness. In 2018, in strict compliance with the "Administrative Measures for Staff Education and Training (《員工教育培訓管理辦法》)", the "Administrative Measures for Funding of Employee Education and Training (《教育培訓經費管理辦法》)" and other related systems, the Company, in response to the characteristics of port operation, steadily promoted a number of training programs around the three major directions of "reform", "production" and "innovation" with involvement of 22,507 employees in the aggregate. In light of the strong support from the National High-Skilled Talent Training Base, "Zhang Haibo National Skill Master Studio", training base and other platforms, the Company organized a team comprising full-time and part-time teachers to develop certain training materials, improved training files and follow-up effect evaluation to ensure training results constantly improving.

In order to push forward the optimization and upgrading of human resources at different levels, the Company developed a series of training courses for post-shifted staff, covering general technology, quality enhancement, civility etiquette, health psychology, safety knowledge and others. More than 300 laid-off and post-shifted staff received professional training, which improved greatly the utilization efficiency of human resources. In order to build industrial labor force with superior ability and quality, the Company has offered trainings in rotation to more than 3,000 industrial workers for main types of port operation since 2017, which fully guaranteed the professionalization of faculty force, the refinement of training, the innovation of training programs and the initiative of training recipients. The Company conducted an in-depth integration of lectures and practical exercises, assessments and competitions so as to evoke the employees' enthusiasm and motivation towards leaning and achieve the goal of promoting learning by training, motivating dynamic energy on work by learning, and coming to fruition of work-based learning. In 2018, the Company also held an advance seminar course in respect of the "Grand Port Artisans" in the new era, providing a platform for high-skilled talents to carry out mutual learning, communicate with each other and conduct skill exchange through three campaigns launched including training on new technologies, new industries, new businesses and new models, awards for outstanding papers in technology research and out-port exchange. The Company is dedicated to cultivating a team of high-skill talent with holding firm ideals and convictions, being conversant in technical innovation, living up to responsibility, developing devotion and nourishing the spirit of "Grand Port Artisans" of an age.



221 security guards accepting the skill training from security center



A training course titled "Grand Port Artisans" for electricians

BEING RESPONSIBLE FOR EMPLOYEES

Skills competition

The Company regularly organized work competitions, and fostered a good atmosphere for employees to learn technology and to compete with each other. In cooperation with the Qinhuangdao Municipal Bureau of Human Resources and Social Security, the Company made the competition performance an important basis for the promotion of employees' levels of skills, and fully mobilized the enthusiasm of employees to participate in technological transformation and innovation. In 2018, in order to motivate employees to "learn technologies, compete in skills, and improve quality", the Company carried out a series of skill competition activities in combination with actual production practice, including maintenance of electric motor control box matching skill contest, vulcanization skill competition, work competition for operators in the tank area and other competitions, and actively organized employees to participate in the electric loading and unloading machinery driver skills competition themed with "master the skills and make contribution in the new era", environmental micro-class competition and other staff skills competitions. In September 2018, the work competition committee of the Company commended 52 advanced collectives, 87 advanced teams, and 469 advanced workers of the Company.



Environmental micro-class competition



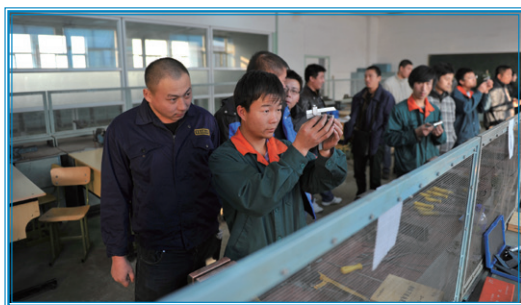
Electric loading and unloading machinery driver skills competition themed with "master the skills and make contribution in the new era"

Youth innovation and efficiency enhancement

The Company vigorously carried out youth innovation and efficiency enhancement projects, promoted "Youth Civilization" collective credit construction and external image construction, emphasized the innovations in terms of technology, management and service, highlighted efficiency enhancement in terms of technology and management, and fully exerted the ingenuity and enthusiasm of young employees.

BEING RESPONSIBLE FOR EMPLOYEES

In 2018, the Company completed a total of more than 50 youth technology innovation projects and achievements in small inventions, small creations, small innovations, small designs and small suggestions, resulting in direct or indirect economic benefits of more than RMB3 million. In terms of management innovation, the Company mobilized young employees to participate in enterprise management from various aspects, and extensively collected research papers and suggestions on port reform and development, enterprise safety and quality management from young employees, thereby effectively improving the management awareness and quality of management of young employees. In terms of service innovation, the Company organized the "Youth Civilization Management Month" activity, and organized youth leaders to participate in trainings and exchanges, so as to further strengthen and improve the credit ethics and service level of young employees. In 2018, the technical team of No. 2 loading team of the second branch of QHD Port was awarded the Qinhuangdao Youth Safety Production Demonstration Post, which played a good demonstration role for other youth collectives and young employees, and promoted the overall improvement of port service quality.



Conducting various small-scale youth skills competitions



Young employees carrying out technological innovation

6.3 Democratic Management and Communication with Employees

The Company continued to deepen the democratic management of enterprises, convened staff representative meetings every year, organized staff representatives to submit proposals, feedback to employees within the prescribed time limit, and regularly selected excellent proposals so that all employees can actively participate in enterprise management. Major decisions involving the immediate interests of employees and the development of enterprises shall be voted at the joint meeting of the staff representatives of the Company, which further expanded the channels for employees to participate in management. In 2018, employee representatives submitted a total of 23 proposals, focusing on the hot issues in the operation and management of the Company and the key issues related to the immediate interests of employees.



The Labor Union of QHD Port was awarded the "Home of Advanced Workers" by the Qinhuangdao Municipal Federation of Labor Unions.

BEING RESPONSIBLE FOR EMPLOYEES

6.4 Caring for Employees' Life

The Company adhered to the principle of serving the staff wholeheartedly, and organized a series of cultural and sports activities to enrich the staff's spare time, encouraged employees to enhance physical fitness, promoted corporate culture and spiritual civilization, and further enhanced the cohesiveness and centripetal force of employees. In 2018, the Company organized a Staff Calligraphy, Art and Photography Exhibition for the "Celebration of the 40th Anniversary of Reform and Opening-up and the 120th Anniversary of the Opening of Qinhuangdao Port", the Staff Chorus Competition, and the Reading and Appreciation Club – Entering the "Grand Port"; and organized staff to participate in the Second Staff Sports Games of Hebei Port Group, Qinhuangdao Chess League, Qinhuangdao Badminton Competition and Qinhuangdao International Marathon. The Company also promoted the construction of the "Staff Bookstore", organized craft competition for female employees, and organized various training courses of table tennis, shuttlecock, painting and sketching, and writing, etc.



Reading and Appreciation Club – Entering the "Grand Port"



Employees participating in Qinhuangdao International Marathon



Participating in the Second Staff Sports Games of Hebei Port Group



Craft DIY contest for female employees

Helping employees in difficulties

The Company carried out "Warmth Giving" activity, formulated assistance programs according to the difficulties of employees, granted support subsidies and organized the leaders of the Company to express solicitude to employees in difficulties. In 2018, the Company helped a total of 209 employees, with the support subsidies totaling to RMB542,000. The Company also carried out the activity of "Student Assistance in Golden Autumn", which helped 48 employees in difficulties with the support subsidies totaling to RMB43,500, to help their children go to school.

BEING RESPONSIBLE FOR EMPLOYEES

Caring for employees' health

The Company covered multiple types of insurance such as major illness and medical insurance and family property insurance for employees, and protected the legitimate rights and interests of employees to the maximum extent. We paid attention to the staff working at the frontline all the time during the year. In the hot summer, we initiated the "Coolness Giving" activity, and sent tea and mineral water to the employees, with the funds totaling to RMB1,313,000.



"Coolness Giving" activity

Safeguarding the interests of female employees

In 2018, the Company renewed the safety and health insurance for all the registered female employees, providing a guarantee for the health of female employees. On the "International Women's Day" on 8 March 2018, the Company carried out the monthly rights safeguarding activity for female employees, organized female employees to participate in Q&A contest about knowledge of rights safeguarding, deepened the legal awareness of female employees, and guided female employees to consciously abide by the law, and solve problems through law, as a result, a good environment for safeguarding the legitimate rights and interests of female employees was formed in the Group. The Company also organized female employees to participate in the health knowledge lecture of the city and the legal knowledge training of the city, and held a "family happiness and emotional management" knowledge lecture to popularize mental health knowledge, which effectively alleviated the psychological pressure of female employees.

CONTRIBUTING LOVE AND CARE TO COMMUNITIES

7 Contributing Love and Care to Communities

QHD Port gives full play to its advantages when performing its social responsibilities and participating in social welfare activities. It carried out poverty alleviation activities and participated in military-civilian joint efforts to build the socialist spiritual civilization and volunteer services, making its own contribution with love and care to improving people's livelihood.

7.1 Implementing Targeted Poverty Alleviation Activities

The Company combined its own advantages with the actual conditions of the poverty-stricken areas when carrying out poverty alleviation activities in Shimenzi Village, Guanchang Township, Qinglong County. It formulated and carried out practical and feasible household-specific poverty alleviation plans and measures, such as water conservancy and road construction projects, purchase of local products instead of donation, free repair and maintenance services, and free drugs and medical services, which has effectively improved the transportation and irrigation facilities of the target villages, and significantly enhanced the income and happiness of the villagers.

In order to promote its targeted poverty alleviation efforts, in 2018, the Company established a "Poverty Alleviation Leading Group" and issued the "Guidelines on Operation of the Office of Poverty Alleviation Leading Group", establishing and improving its poverty alleviation management systems such as "Weekly Report", "Monthly Arrangement", "Quarterly Allocation" as well as theoretical study, information feedback, fund management and project declaration. The Company scheduled frequent communication with the party committees of Qinglong County and Guanchang Township, selected and dispatched a total of 29 CPC members and officials to pair up with 97 poverty-stricken households, who will make telephone calls on monthly basis and pay household visits every two months. In 2018, our poverty alleviation coordinators visited the target households in the village for a total of 236 times, promoting national policies and helping the villagers solve their difficulties, which met with unanimous acknowledgement and compliments from the villagers. By the end of 2018, upon the inspection and acceptance of the governmental authorities, Shimenzi Village, the target of our poverty alleviation campaign, was successfully lifted out of poverty, with the number of poor households in the village reduced from 277 persons in 97 households to 5 persons in 3 households, and the ratio of poverty decreasing from 23.39% to 0.42%, indicating that our poverty alleviation efforts has met with phased success.

CONTRIBUTING LOVE AND CARE TO COMMUNITIES

Case: poverty alleviation volunteers visit the left-behind children

QHD Port's No.9 Company carried out Party's Day theme activities and paired support and assistance, i.e. donation of money or necessities and volunteer services, with our officials and workers forming pairs with the poor households and paying regular visits to the households to help them solve their difficulties. Our volunteers visited the primary school students and left-behind children for a total of five times, donating text books, stationery, and cultural and sports facilities amounting to RMB5,000, giving money and gifts amounting to RMB60,000 to the poor households. Thanks to the hard work and efforts of our volunteers stationed in the villages, Shimenzi Village has paired up with the Qinhuangdao Learning-from-Leifeng Public Welfare Service Center, which organized donation of clothing and daily necessities to the poor households, forming a long-term support and assistance mechanism.



Volunteers from our No.9 Company carry out Party's Day theme activities in Shimenzi Village



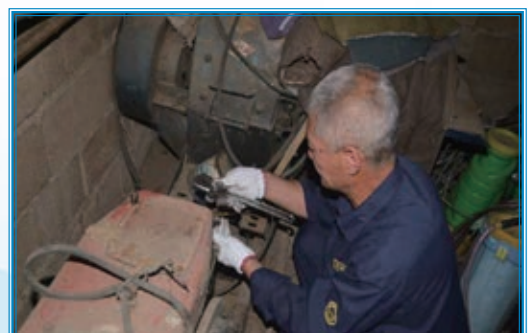
Free medical services for villagers in Qinglong Village



Purchasing agricultural products such as eggs and millet from the target villages



Paving the road to Shimenzi Village



Repairing agricultural machinery for Qinglong Village

CONTRIBUTING LOVE AND CARE TO COMMUNITIES

7.2 Building a Harmonious Society

The Company cares about social welfare, and carries out volunteer services leveraging its professional and resource advantages, serving local communities with concrete actions, passing on love and responsibility, and promoting the construction of a harmonious society. By the end of the reporting period, our volunteers have devoted themselves in public welfare services for a total of 55,706 hours, with a total investment of RMB100,000 in the public welfare efforts.

Preparing for inspection on the construction of a national civilized city

In 2018, following its on-site investigation, the Company organized sanitary cleanups in 22 QHD Port communities, renovation of 1 dry toilet and demolition of 4 dry toilets while strengthening the construction of 6 demonstration sites in preparation for the inspection of the governmental authorities on the construction of a national civilized city, with which the Company has passed the provincial inspection successfully.



Painting socialist core value slogans



Clearing white trash along the coastal walkways



Providing traffic guidance services



Cleaning the port after the rain

CONTRIBUTING LOVE AND CARE TO COMMUNITIES

Young volunteers' work

Since the establishment of the Company's Young Volunteers' Association 20 years ago, the team has expanded to more than 2,000 people. Under the guidelines of "serving the society, serving the overall situation, serving the youth" as well as the tenet of "serving the society based on the Port", the Association carried out extensive volunteer activities centering on the production and management of the Port and social welfare, giving full play to the exemplary role of our young volunteers.

In 2018, our young volunteers made their own contributions to the construction of Qinhuangdao City into a national forest city and the environmental protection efforts of the Company, and participated in voluntary tree planting activities in the spring and winter and planted more than 300 seedlings. During the summer tourist season, they set up the "QHD Port Pioneers, Red Volunteers" service stations in Qinhuangdao Railway Station, providing services for the visiting tourists; Our volunteers also undertook the cleaning of bus stops along the southern sections of Qinhuangdao City Avenue, and cleaned the bus stops and nearby billboards for three times, making themselves a good example of excellent volunteers. In addition, in respect of environmental protection, city appearance rectification and promotion of civilization concepts, our young volunteers scheduled regular visits to the activity center of our retired employees, and carried out activities such as dock cleaning, dust suppression, clearing white garbage and cleaning the communities, with a total of more than 800 young volunteers participating in the volunteer service for a total of 1,800 hours. In 2018, the Company organized 12 donations to elderly care centers, Hope primary schools and poor children, donating necessities and supplies equivalent to RMB60,000.



Young volunteers visiting the elderly apartments



Young volunteers participating in the city-wide spring tree planting activities



Young volunteers cleaning the road signs



Young volunteers helping visitors at the summer service station

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B6.2	Number of products and services related complaints received and how they are dealt with.	–
B6.3	Description of practices relating to observing and protecting intellectual property rights.	–
B6.4	Description of quality assurance process and recall procedures.	N/A
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B7: Anti-corruption		
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B8: Community investment		
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FEEDBACK QUESTIONNAIRE

Dear readers,

Thank you very much for taking time out of your busy schedule to read the 2018 Corporate Social Responsibility Report of Qinhuangdao Port Co., Ltd.. We sincerely expect your opinions and suggestions about this report and our work. You may send by post, e-mail a scanned copy or fax the completed feedback questionnaire to us, or you can directly call us to put forward your precious opinions. Thank you!

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1. What kind of stakeholders of Qinhuangdao Port Co., Ltd. does your employer belong to?
☐ Shareholder ☐ Employee ☐ Supplier ☐ Customer ☐ Government ☐ Community
☐ Academic Institution ☐ Others (Please specify)
2. Have you ever read the Corporate Social Responsibility Report or Sustainability Report of Qinhuangdao Port Co., Ltd. (If your answer is No, please skip Questions 3, 4 and 5):
☐ Yes ☐ No
3. If yes, have you read a paper version or electronic version?
☐ Paper version ☐ Electronic version
4. Do you expect to read a paper version or electronic version?
☐ Paper version ☐ Electronic version
5. Your comprehensive evaluation on 2018 Corporate Social Responsibility Report:
 - Readability (Popular and easily understood expression, beautiful design, attractive content, and easy to find the desired information)
☐ 3 (Good) ☐ 2 (Average) ☐ 1 (Poor)
 - Creditability (The reporting information is authentic and reliable)
☐ 3 (Good) ☐ 2 (Average) ☐ 1 (Poor)
 - Information Integrity (Both the positive and negative information is considered, and your need for information can be satisfied)
☐ 3 (Good) ☐ 2 (Average) ☐ 1 (Poor)

Apart from the information already disclosed in the report, what else information do you expect more to read?

April 2019